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OCT 31 1979

Admiral Stansfield Turner, USN  
Director  
Central Intelligence Agency  
Washington, DC 20505

Dear Admiral *Stam* Turner:

Thank you for your letter dated August 7, 1979, concerning the dramatic increase in the Standard Level User Charge (SLUC) assessed your Agency for facilities in McLean and Arlington, Virginia.

Section 210(j) of the Federal Property and Administrative Services Act authorizes and directs the Administrator to charge anyone for services and space at rates determined by the Administrator. Section 210(j) further directs that "... such rates and charges shall approximate commercial charges for comparable space and services..."

The SLUC rate is based on an appraisal of each facility and the rents charged for similar buildings and services to commercial customers. The appraisals are performed by independent consultants and reviewed by our staff appraisers. Traditional appraisal techniques are used in compliance with our procedures. GSA fixed SLUC rates for a 3-year term to assist agencies in making budget projections. This process has insulated agencies from market trends and annual escalations, but has exaggerated the impact of new assessments.

This year is the first time that the appraisal method was used as a basis for determining the SLUC rate at the McLean printing facility. The previous assessment was made in February 1975 and was developed from a matrix rate for a geographic area. An explanation of the change in methods is enclosed. The length of time between reevaluation of your rate and the change in method of evaluation are the reason for the 131 percent increase in the SLUC rate for the printing facility.

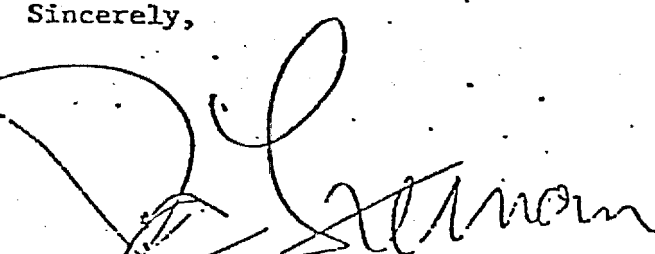
As you will see in the three articles which I have enclosed, the rapid increase in rents has been particularly acute in the Washington metropolitan area. Within the last 2 years, commercial rates have increased 82 percent. The increase in your SLUC charges for the two other facilities are within the market increase. They average 43 - 48 percent over a 3-year period.

While increases of this magnitude are a burden to us all, the method of determining the rates through the appraisal process is reasonable and carries out the intent of Section 210(j) of the Federal Property and Administrative Services Act.

*9-4-79*

If you wish additional information, please have a member of your staff contact Mr. John T. Myers, Regional Commissioner, Public Buildings Service on-472-1891.

Sincerely,



F. L. Freeman III  
Administrator

Enclosure

**TAB**

2 NOV 1979

MEMORANDUM FOR: Deputy to the DCI for Resource Management

ATTENTION:

D/PBO/RMS

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SUBJECT: CIA Reserve for Contingencies and Unanticipated  
SLUC Charges (S)

1. There are two issues which—though we have discussed them recently—were not included in the 1981 CIA budget because of uncertainty in the outcome of related developments. Now that our appeal on the reassessment of CIA SLUC charges has been denied by the Administrator of the General Services Administration (GSA), it is clear that we will have a SLUC shortfall in 1981 in excess of \$2 million. Further since Congress is converging on an acceptable procedure for replenishing the CIA Reserve for Contingencies, there is a pressing need to include at least token funding for Reserve replenishment in 1981. This memorandum discusses these two issues and requests your assistance in getting them included in subsequent versions of the NFIP ranking. (S)

2. SLUC. In July 1979, GSA advised us that it had reassessed certain CIA-occupied facilities and that our 1981 SLUC bill would be increased accordingly. Because we believed the reassessments to be excessive and also because the notification came too late to permit us to include the increased figure in our 1981 program, the DCI on 7 August 1979 sent a letter (copy attached) to the GSA Administrator protesting not only the excessive reassessments (e.g., the P&PD Building assessment was increased by 132 percent) but also the timing of the notification which precluded orderly budgeting for SLUC increases. The DCI has now received a response from GSA (copy also attached) which reaffirms the reassessments. The net effect is a severe understatement of the currently proposed 1981 SLUC budget. (C)

3. We have calculated the required increase in our 1981 SLUC charges due to the reassessment, and our shortfall is

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4. Because we were not able to submit an accurate SLUC budget and because we are aware that there are many other factors influencing the ranking at present, we have made as optimistic an estimate of the parking offset as we can to reduce our additional needs to an absolute minimum. We feel we will realize less than \$860,000 in 1980 because the estimated occupancy of 90 percent is that derived from our current experience. When parking fees are instituted at Headquarters it is doubtful that we will be able to meet the 90 percent occupancy as [redacted] spaces in Headquarters are in West Lot. We anticipate severe undersubscription to those spaces at a rate of [redacted] per year. At present we are experiencing a corresponding shortfall at NPIC. (S)

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5. Reserve. We had not previously included budgetary provision for Reserve replenishment because of uncertainty as to the 1980 level that will be approved by Congress and uncertainty in the conditions for replenishment. Now it is clear that Congressman Burlison will be successful in inserting his language that the Reserve only be replenished through authorization and appropriation. We think that this language along with the Congressman's track record effectively rules out replenishment by supplemental appropriation. Thus, the budget should contain a line item for replenishment. As we have discussed before, the dilemma is how much to include. If we include too much, those funds will unnecessarily compete with other NFIP programs. On the other hand if we do not submit an appropriate amount, Congressman Burlison might feel that we are not playing the game properly. (S)

6. The responsible OMB staffers have, I think, recommended and given their approval to the perfect solution. It is not appropriate to request replenishment unless the Executive Branch has approved specific releases from the Reserve. Therefore, we

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should request only enough money to bring the budget—at the time it is finalized in mid-December—up to the desired level. Since so far we have requested two releases totaling \$770,000 and since we anticipate Appropriation Conference approval of a Reserve at \$17.5 million, we now estimate that the NFIP ranking should show \$2 million for Reserve replenishment with the understanding that the appropriate amount will be put in in mid-December. Further, our budget would contain clarifying language that tells Congress it is our intent to maintain a viable Reserve of at least \$17.5 million and that we would request the Authorization Committees to include sufficient funds to bring the Reserve to that level. (S)


7. Please let me know if you desire additional information to support these requests. (U)



Maurice Lipton  
Comptroller

Attachments:

As stated

O/Compt:Compt:MLipton:bp:  (2 Nov 79)

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